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C O N F I D E N T I A L SECTION 01 OF 02 ROME 000763

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DEPT FOR EUR/ERA, EUR/WE

E.O. 12958: DECL: 02/14/2007

TAGS: [ECON](#) [EU](#) [IT](#) [EU](#) [IT](#) [PREL](#) [PRELECON](#)

SUBJECT: MEP GIORGIO NAPOLITANO ON EU REFORM;
CONSTITUTIONAL CONVENTION - "WE MUST PUT OUR HOUSE IN ORDER"

CLASSIFIED BY: DCM WILLIAM P. POPE. REASON: 1.5 (B)(D).
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1. (C) SUMMARY. ON FEBRUARY 12, DURING A WIDE-RANGING DIALOGUE WITH POL AND ECON OFFICERS, ITALIAN MEP AND PRESIDENT OF THE EP'S CONSTITUTIONAL AFFAIRS COMMITTEE GIORGIO NAPOLITANO EMPHASIZED THAT EU REFORM AND STREAMLINING WAS ABSOLUTELY ESSENTIAL IF THE UNION IS TO FUNCTION EFFECTIVELY WITH 25 MEMBERS. THE EU MUST ADOPT THE NEW CONSTITUTION BY THE END OF 2003 TO ENSURE A SMOOTH ENLARGEMENT PROCESS IN 2004. THE NEW DOCUMENT MUST PROVIDE A FRAMEWORK FOR ENHANCED COOPERATION AMONG NATIONAL LAW ENFORCEMENT, JUDICIAL AND INTELLIGENCE BODIES. IT MUST ALSO DEFINE PRINCIPLES AND PROTECT THE RIGHTS OF INDIVIDUALS, AND DEFINE EXCLUSIVE COMPETENCIES OF THE EU AS WELL AS SHARED EU/MEMBER STATES' COMPETENCIES. NAPOLITANO ALSO SAID THAT THE EU NEEDS A CONSTITUTIONAL COMMITMENT TO COORDINATE BUDGET, FISCAL AND ECONOMIC POLICIES. THE ORGANIZATION MUST ALSO GRAPPLE SOON WITH THE FINANCIAL BURDENS OF ENLARGEMENT.
END SUMMARY

2. (C) NAPOLITANO SAID THAT THE EU MUST UNDERGO SIGNIFICANT REFORM AND STREAMLINING TO PREPARE FOR ENLARGEMENT AND TO MAKE THE ORGANIZATION MORE RESPONSIVE AND ACCOUNTABLE TO ITS MEMBER STATES AND INDIVIDUAL EUROPEAN CITIZENS. "WE MUST PUT OUR HOUSE IN ORDER," HE EMPHASIZED. THE METHOD BY WHICH THE EU BUREAUCRACY HAS EXPANDED OVER THE YEARS, WHICH HE DESCRIBED AS A STEP BY STEP INCREMENTAL CREEP, HAS PRODUCED A PLETHORA OF CONTRADICTORY AND CONFUSING RULES AND REGULATIONS. NAPOLITANO AVERRED THAT THIS HAS CREATED AN ALMOST IMPOSSIBLE SITUATION WITH 15 MEMBERS, BUT AT 25 IT WILL BRING THE ORGANIZATION TO A STANDSTILL. REFORM, THEREFORE, IS "ABSOLUTELY NECESSARY." ENLARGEMENT REQUIRES A
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POLITICAL AND INSTITUTIONAL "REFOUNDING" OF THE COMMUNITY, NAPOLITANO CONTINUED. HE SEES A NEED TO "REASSERT THE PRINCIPLES, VALUES AND STRATEGIC GOALS" OF THE EU.

3. (C) NAPOLITANO FORESEES A RELATIVELY SHORT PROCESS FOR THE CONSTITUTION'S ADOPTION (IF THAT IS WHAT THE DOCUMENT ENDS UP BEING CALLED); A ONE YEAR CONVENTION, BEGINNING MARCH 1, FOLLOWED BY A SHORT PAUSE, AND THE INTER-GOVERNMENTAL CONFERENCE (IGC). THE IGC SHOULD BE A SHORT PROCESS BECAUSE GOVERNMENTS AND NATIONAL PARLIAMENTS WILL RECEIVE REGULAR REPORTS DURING THE CONVENTION, SO THERE SHOULD BE NO REAL SURPRISES FOR THE IGC. HE UNDERScoreD HIS BELIEF THAT THE CONCLUDING SESSION OF THE IGC, PRESIDED OVER BY HEADS-OF-STATE, MUST ADOPT THE FINAL DOCUMENT BY THE END OF THE ITALIAN EU PRESIDENCY (E/O '03). THIS HAS NOTHING TO DO WITH GIVING ITALY THE HONOR OF ANOTHER "TREATY OF ROME." THERE ARE "OBJECTIVE, PRACTICAL" REASONS FOR AIMING FOR THIS DATE. ENLARGEMENT WILL TAKE PLACE IN 2004. ALL NEW PARAMETERS, FROM WEIGHTED VOTING, TO FINANCIAL CONTRIBUTIONS AND RECEIPTS, TO DIVISIONS OF COMPETENCIES AMONG BRUSSELS, MEMBER STATES, AND THE REGIONS, MUST BE IN PLACE IN ORDER TO ENSURE AN ORDERLY ENLARGEMENT PROCESS. A DIRECT FINANCING MECHANISM MUST BE ESTABLISHED. EP ELECTIONS AND THE SELECTION OF A NEW COMMISSION ALSO OCCUR IN 2004. ALL THIS, ACCORDING TO NAPOLITANO, WILL REQUIRE DECISIONS BASED ON THE CONSTITUTION.

4. (C) NAPOLITANO ENVISIONS A CONSTITUTION THAT WILL SIMPLIFY AND STREAMLINE THE EU. THE DOCUMENT MUST STRENGTHEN THE EU'S ROLE IN CERTAIN AREAS, SUCH AS EXTERNAL AND INTERNAL SECURITY. THIS IS PARTICULARLY TRUE POST-9/11. THE
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STRUGGLE AGAINST GLOBAL AND INTERNAL TERRORISM AND ORGANIZED CRIME CANNOT BE ACCOMPLISHED BY ANY ONE STATE ALONE. THE NEW CONSTITUTION MUST RECOGNIZE POST-9/11 REALITIES AND PROVIDE THE FRAMEWORK FOR ENHANCED COOPERATION AMONG NATIONAL LAW ENFORCEMENT, JUDICIAL AND INTELLIGENCE BODIES. NAPOLITANO SAID THAT THE DOCUMENT MUST INSTITUTIONALIZE A STRONG FOREIGN POLICY OFFICE, WHICH EXISTS NOW LARGELY DUE TO JAVIER SOLANA'S REPUTATION AND PERSONALITY. HE ALSO SAW A NEED FOR ENHANCED COOPERATION AMONG MEMBER STATES ON IMMIGRATION AND ASYLUM POLICY. HE RECOGNIZED THE CHALLENGES ASSOCIATED WITH

CRAFTING A COMMON DEFENSE POLICY, GIVEN THE SENSITIVITIES OF NEUTRAL MEMBER STATES SUCH AS IRELAND, FINLAND AND SWEDEN. THUS, HE SUGGESTED A SOLUTION ALLOWING SOME MEMBER STATES TO AGREE TO A COMMON DEFENSE POLICY AND OTHERS TO OPT OUT (AS WITH ADOPTION OF THE EURO).

15. (C) NAPOLITANO DOES NOT FORESEE A RISK OF CREATING A "SUPERSTATE" THAT WILL THREATEN MEMBER STATES' NATIONAL SOVEREIGNTY, BUT THE CONVENTION MEMBERS MUST BE PREPARED TO DEAL WITH THE "PSYCHOSIS" OF THOSE AMONG THEM WHO WANT TO USE THE CONVENTION PROCESS TO "DILUTE" THE EU'S POLITICAL UNION BACK TO A SIMPLE CUSTOMS UNION. "THE CONSTITUTION CAN NOT BE JUST A DIVISION OF LABOR. IT MUST DEFINE PRINCIPLES AND RIGHTS OF INDIVIDUALS." "THE COURT OF JUSTICE SHOULD BE THE INSTITUTION RESPONSIBLE FOR DECIDING ISSUES OF SUBSIDIARITY," NAPOLITANO CONTINUED. HE THOUGHT THAT THE CONSTITUTION SHOULD DEFINE EXCLUSIVE COMPETENCIES OF THE EU, AS WELL AS

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ACTION EUR-00

INFO	LOG-00	NP-00	AGRE-00	AID-00	ACQ-00	CEA-01	CIAE-00
	COME-00	CTME-00	INL-00	DODE-00	DOFE-00	SRPP-00	DS-00
	EB-00	EXIM-01	E-00	FAAE-00	VC-00	FRB-00	H-01
	TEDE-00	INR-00	ITC-01	LAB-01	L-00	VCE-00	AC-01
	DCP-01	NSAE-00	NSCE-00	OMB-01	OPIC-01	PA-00	PM-00
	PRS-00	ACE-00	P-00	SCT-00	SP-00	IRM-00	SSO-00
	SS-00	STR-00	TRSE-00	T-00	USIE-00	EPAE-00	SNIS-00
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FM AMEMBASSY ROME
TO SECSTATE WASHDC PRIORITY 0176
INFO EU CANDIDATE STATES COLLECTIVE
EU INTEREST COLLECTIVE
EU MEMBER STATES COLLECTIVE

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SHARED COMPETENCIES, LEAVING OTHER AREAS TO THE MEMBER STATES, BUT EXPECTED THAT THE CONSTITUTION WOULD INCLUDE A MECHANISM FOR MEMBER STATES DECIDING TO YIELD MORE COMPETENCE TO THE EU.

16. (C) NAPOLITANO SAW ECONOMIC AND FINANCE POLICY AS ANOTHER AREA IN WHICH CONSTITUTIONAL DECISIONS WERE REQUIRED. "CAN YOU HAVE A EUROPEAN CENTRAL BANK, WITHOUT POLITICAL RESPONSIBILITY OR ECONOMIC OR FISCAL POLICIES, MAKING MONETARY POLICY? CAN YOU HAVE THE FED WITHOUT THE TREASURY OR PRESIDENT?" HE ASKED. THE EUROPEAN CENTRAL BANK, IN HIS VIEW, MUST BE ACCOMPANIED BY SOME LEVEL OF EU ECONOMIC AND FISCAL POLICY RESPONSIBILITY. "WE NEED A CONSTITUTIONAL COMMITMENT TO COORDINATE BUDGET, FISCAL AND ECONOMIC POLICIES WITHIN THE EU."

17. (C) THE FINANCIAL BURDENS OF ENLARGEMENT, STRUCTURAL FUNDS AND THE COMMON AGRICULTURAL POLICY, HAVE YET TO BE RESOLVED, NOTED NAPOLITANO. HE CALLED THE POSSIBLE SOLUTION "REALLY AN UNKNOWN." THE IDEA OF HAVING A CAP OF FOUR PERCENT OF GDP ON STRUCTURAL FUNDS FOR THE NEW ENTRANTS HAD SOME LOGIC, BUT "IT IS QUESTIONABLE, BECAUSE OF THE OVERSIZED EXPECTATIONS IN THESE COUNTRIES. IT WON'T BE EASY TO LIMIT IT LIKE THIS." HE ADDED THAT "TAKING IN EASTERN EUROPEAN COUNTRIES WITH LOW GDPS DOES NOT MAKE OUR POORER REGIONS ANY RICHER." HE SUGGESTED THAT THE PARAMETER FOR STRUCTURAL FUNDS WOULD HAVE TO CHANGE -- IT COULD NO LONGER BE 50 PERCENT OF AVERAGE EU GDP, BECAUSE THIS AVERAGE WILL FALL WITH ENLARGEMENT. HE CALLED THE COMMON AGRICULTURAL POLICY "A BIG PUZZLE" AND DECLARED THAT THE ADDITION OF POLAND WAS A
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MAJOR PROBLEM IN THIS CONTEXT.

18. (C) COMMENT: NAPOLITANO WAS NOT SPECIFIC REGARDING WHICH MEMBERS OF THE CONVENTION HE PERCEIVED AS WANTING TO "DILUTE" THE EU'S POWERS. IF HE HAD IN MIND ANY OF HIS FELLOW ITALIAN DELEGATES TO THE CONVENTION, HE DID NOT SHOW HIS HAND. HE

REFERRED TO ONE OF THE CONVENTION VICE PRESIDENTS, FORMER
ITALIAN PM AND SOCIALIST PARTY MEMBER GIULIANO AMATO, AS
"PROFESSIONAL AND BALANCED" IN HIS APPROACH TO REFORM. THIS
WAS NOT SURPRISING, GIVEN NAPOLITANO'S MEMBERSHIP IN THE OLD
ITALIAN COMMUNIST PARTY. BUT HE WAS ALSO RELUCTANT TO
CRITICIZE DIRECTLY ANOTHER OF ITALY'S DELEGATES, DEPUTY PRIME
MINISTER, AND HEAD OF THE RIGHT WING NATIONAL ALLIANCE (AN)
PARTY, GIANFRANCO FINI, SAYING ONLY THAT FINI WAS NEW TO THE
PROCESS AND HAD NOT ELABORATED A POSITION. NAPOLITANO TOLD
US HE HAD A CONVERSATION WITH FINI RECENTLY, DURING WHICH
FINI EXPRESSED AN INTEREST IN REACHING A "COMMON POSITION"
WITH THE EP'S CENTER-LEFT ON INSTITUTIONAL REFORM. IF THIS
TYPE OF DIALOGUE CONTINUES AMONG ITALIAN DELEGATES IN
BRUSSELS, ITALY COULD BE POSITIONED TO MAKE A MEANINGFUL AND
LASTING CONTRIBUTION TO THE CONVENTION, AND THEREFORE TO
FUTURE EUROPEAN POLITICAL AND ECONOMIC INFRASTRUCTURES. IN
THIS REGARD, ITALY COULD HAVE LEADERSHIP POTENTIAL,
ESPECIALLY IF THE ITALIAN DELEGATION DEMONSTRATES A GREATER
RIGOR IN EXAMINING AND PROPOSING A STRATEGY FOR DEALING WITH
THE DIFFICULT ECONOMIC AND POLITICAL ISSUES THAN WAS IN
EVIDENCE DURING THIS DISCUSSION WITH NAPOLITANO. END
COMMENT
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